

TO EXTEND THE TERM OF THE WORLD WAR FOREIGN DEBT COMMISSION

DECEMBER 12, 1924.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. GREEN, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. R. 9804]

The Committee on Ways and Means, to whom was referred the bill (H. R. 9804) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922, as amended February 28, 1923, having had the same under consideration, report it back to the House without amendment and recommend that the bill do pass.

The bill herein recommended proposes to extend for a period of two years the duration of the World War Foreign Debt Commission.

The World War Foreign Debt Commission was created by act of Congress dated February 9, 1922, for a term of three years from that date. The object of the legislation was to provide a commission with authority to negotiate with foreign governments and determine arrangements for the repayment to the United States of principal and interest of the obligations of various foreign governments owing to the United States arising out of the World War. No time had been fixed for the repayment of these loans, and agreements between the United States and foreign governments in regard to the interest rates thereon were indefinite. It was clearly understood, however, at the time the loans were made, that the money advanced by the United States would be repaid, together with the rate of interest sufficient to reimburse the United States for what it cost the Government to provide the money. At no time has there been any understanding that any of these debts would be canceled.

When the commission was created there was approximately \$10,500,000,000 principal owing to the United States, including that

due for surplus war material and supplies sold after the war. The accrued interest thereon and interest additions since make the total outstanding indebtedness at this time something more than \$12,000,000,000. The commission has negotiated settlements with Great Britain, Finland, Hungary, Lithuania, and Poland for the funding of the principal of such indebtedness, amounting to more than \$4,249,000,000, which is over 42 per cent of the total indebtedness due to the United States at the time the commission was created. Negotiations are under way with other foreign governments, but it is quite apparent that no settlements can be reached before the life of the commission expires, namely February 9, 1925, and it is evident that the commission may need much more time to complete its work.

President Coolidge, in his annual message to Congress, dated December 3, 1924, recommended this proposal. He said:

About \$12,000,000,000 is due to our Government from abroad, mostly from European Governments. Great Britain, Finland, Hungary, Lithuania, and Poland have negotiated settlements amounting close to \$5,000,000,000. This represents the funding of over 42 per cent of the debt since the creation of the special Foreign Debt Commission. As the life of this commission is about to expire, its term should be extended. I am opposed to the cancellation of these debts and believe it for the best welfare of the world that they should be liquidated and paid as fast as possible. I do not favor oppressive measures, but unless money that is borrowed is repaid credit can not be secured in time of necessity, and there exists besides a moral obligation which our country can not ignore and no other country can evade. Terms and conditions may have to conform to differences in the financial abilities of the countries concerned, but the principle that each country should meet its obligation admits of no differences and is of universal application.

In this statement the committee entirely concurs and, following the recommendation of the President, has therefore reported this bill extending the duration of the commission for two years in order that the refunding negotiations may proceed without interruption.

